GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:145
ANSWERED ON:10.12.2004
FOREIGN BANKS TAKING OVER PRIVATE BANKS
Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has allowed the foreign banks to take over private Indian banks;

(b) if so, the details thereof;

(c) whether the Government has received any representation against proposed move of the Government; and

(d) if so, the decision taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT FORLOK SABRA STARRED QUESTION NO.145 FOR 10TH DECEMBER 2004 REGARDING FOREIGN BANKS TAKING OVER PRIVATE BANKS TABLED BY SHRI CHANDRA BHUSHAN SINGH

(a) to (d) In pursuance of a Budget announcement made on February 28, 2003 the Government has issued a notification on 5th March, 2004 raising the Foreign Direct Investment (FDI) limit in private Banks from 49% to 74%, including the investment of Foreign Institutional Investors (FH). The press notification is available at www.siadipp.nic.in/policy/changes.htm (Press Note - 2004, Series 2). The aforesaid Press Note also clarifies that presently there is a limit of 10 percent on voting rights in respect of banking companies and any change in the ceiling can be brought about only after final policy decisions and appropriate Parliamentary approvals. In order to regulate the flow of FDI and set out the roadmap for this purpose, Reserve Bank of India has placed in the public domain draft guidelines/a discussion paper on 2nd July, 2004.